THE FOREST INDUSTRY SNAPSHOT:

Ministry of Forests, Lands and Natural Resource Operations

March 2012

BRITISH COLUMBIA

A Selection of Monthly Economic Statistics

Points of interest:

B.C. Timber Harvest in 2011

The total harvest volume in 2011 was 69.2 million m³, up 9.3% from 2010 and up 41.7% from the bottom in 2009. The **Coast** harvest was 19.1 million m³ in 2011, up 15.8% from 2010 and up 71.0% from 2009. The **Interior** totalled 50.1 million m³ in 2011, up 7.0% from 2010 and up 33.0% from 2009.

Hemlock was the most popular species harvested **on the Coast**, accounting for 38.2% of coast total harvest in 2011, followed by fir (32.6%), cedar (15.5%), and balsam (8.8%). **Lodgepole pine** was the most popular species harvested **in the Interior**, accounting for 59.2% of interior total harvest in 2011, followed by spruce (20.3%), balsam (6.8%), and fir (5.7%) (*source: HBS, MFLNRO*).

North American Wood Pellet Exports in 2011

Exports of wood pellets from the U.S. and Canada to Europe **reached a record** of over two million tons **in 2011**, up almost 300% from 2008, according to the North American Wood Fiber Review (NAWFR).

B.C. pellet producers have dominated North American pellet exports since the first shipments 12 years ago, but this changed in the second half of 2011 when expanded investments in new capacity in the U.S. South put U.S. shipments on par with Canada.

Utilities in the Netherlands, the U.K., and Belgium continue to be the largest consuming destinations of North American pellets, with the U.K. showing the steadiest and most vigorous growth (*source: Wood Resources International LLC.*).

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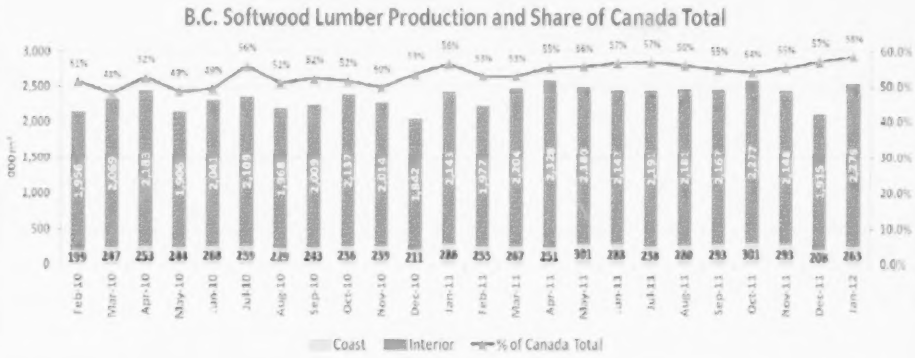
SOFTWOOD LUMBER MARKET



Data sources: Madison's, US Census Bureau and Statistics Canada. * privately-owned housing starts, seasonally adjusted annual rate (SAAR).

- **U.S. privately-owned housing starts** in February were at a seasonally adjusted annual rate of 694,000. This is 2.8% below the revised January rate, and is **34.0% above** the February 2011 rate. **Sales of new homes** in the U.S. were at a seasonally adjusted annual rate of 313,000 in January 2012, down 1.6% M/M and up 11.4% Y/Y. U.S. seasonally adjusted unemployment rate was 8.3% in February 2012, down from 9.0% one year ago. (*from U.S. Census Bureau and U.S. Bureau of Labour Statistics*).
- **SPF 2x4 price increased further to US$264** ($263) in February 2012, up 3.9% M/M and down 9.2% Y/Y. The Canadian dollar averaged $0.9965 per US$ in February 2012.
- In January 2012, **B.C. softwood lumber production** totalled 2.54 million m³, up 19.6% M/M and up 4.5% Y/Y. 89.6% of the production was from the Interior.
- In February 2012, **B.C. softwood lumber exports value** totalled $314 million, up 6.9% Y/Y. **B.C. softwood lumber exports volume** totalled 1.93 million m³, up 15.5% Y/Y. The top three destinations for softwood lumber exports in February 2012 were: U.S. (value: 45.2%; volume: 51.0%), China (value: 25.1%; volume: 30.7%), and Japan (value: 17.5%; volume: 10.2%).

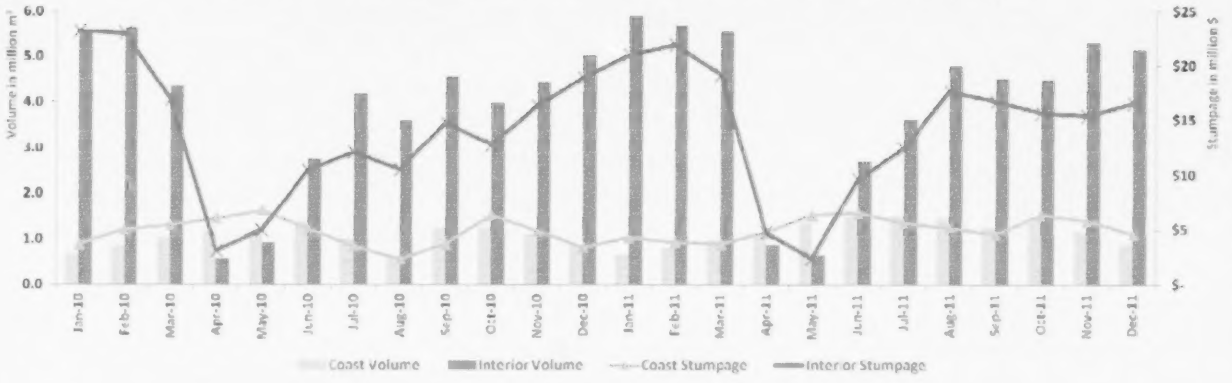
Common Abbreviations:

**$** - Canadian dollars unless noted as US$
M/M - % change from the previous to current month
Y/Y - % change from the same month in the previous year to the current year
YTD - year to date
China - refers to China, including Hong Kong

 The information in this report was compiled from a variety of sources by the MFLNRO Competitiveness and Innovation Branch. Data contained in this report is not intended to have any predictive capacity.

HARVESTING

B.C. Crown Land Monthly Harvest Volume* and Stumpage Revenue Collected



Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations

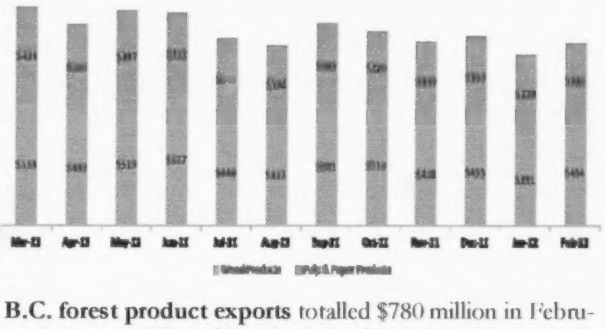
**Based on scale data, all logs (BCTS & Major), special forest products, species and grades billed to Crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.*

COAST **harvest volume** for all land (including Crown, private and federal) totalled 1.25 million m³ in December 2011, up 6.8% Y/Y. Crown land harvest volume totalled 0.89 million m³, up 4.8% Y/Y. **Stumpage revenue** collected was $4.58 million in December 2011, up 33.6% Y/Y.

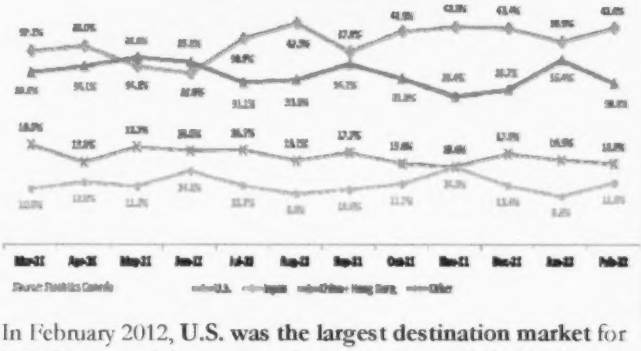
INTERIOR **harvest volume** for all land (including Crown, private and federal) totalled 5.21 million m³ in December 2011, up 1.8% Y/Y. Crown land harvest volume totalled 5.14 million m³, up 2.4% Y/Y. **Stumpage revenue** collected was $16.51 million in December 2011, down 12.6% Y/Y.

EXPORTS

B.C. Forest Product Export Value ($million) by Sector



Shares of B.C. Forest Product Export Value



B.C. forest product exports totalled $780 million in February 2012, up 6.9% M/M, up 4.7% Y/Y, and up 1.9% YTD from 2011:

- **Wood product exports** totalled $454 million in February , up 16.3% M/M, up 7.8% Y/Y, and up 5.7% YTD from 2011; and
- **Pulp & paper product exports** totalled $326 million in February , down 3.9% M/M, up 0.8% Y/Y, and down 2.6% YTD from 2011.
- **Export value shares by product** in February 2012: Softwood Lumber (40.2%), Logs (5.8%), Other Wood Products (12.2%), Pulp (29.9%), and Other Pulp & Paper Products (11.9%).

In February 2012, **U.S. was the largest destination market** for B.C. forest product exports value with a share of 41.6%, while China accounted for 31.0%, Japan accounted for 11.9% and other destinations accounted for 15.5%.

- **Exports to U.S.** totalled $324 million, up 14.2% M/M, up 12.6% Y/Y and up 5.2% YTD from 2011.
- **Exports to China** totalled $242 million, down 6.4% M/M, down 3.3% Y/Y and up 4.4% YTD from 2011.
- **Exports to Japan** totalled $93 million, up 35.9% M/M, up 12.0% Y/Y and down 0.4% YTD from 2011.

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DATA SUMMARY

Selected Monthly Economic Statistics - March 2012

	Latest Month		Month Ago	M/M Change	Year Ago	Y/Y Change	Current YTD	Previous YTD	YTD/YTD *Change
Lumber Prices *(US$/000 bd ft)*									
SPF 2x4	*Feb 12*	**$264**	$254	3.9%	$291	-9.2%	$259	$301	-14.0%
Random Lengths Lumber Composite	*Feb 12*	**$285**	$280	1.9%	$296	-3.6%	$282	$300	-5.8%
SPF 2x10	*Feb 12*	**$302**	$310	-2.7%	$336	-10.1%	$306	$340	-10.1%
SPF Stud	*Feb 12*	**$259**	$262	-1.2%	$275	-5.9%	$260	$274	-5.1%
Cedar 2x4	*Feb 12*	**$630**	$630	0.0%	$650	-3.1%	$630	$650	-3.1%
Hemlock Squares	*Feb 12*	**$825**	$825	0.0%	$785	5.1%	$825	$785	5.1%
Panel Prices *(US$/000 sq ft)*									
Plywood	*Feb 12*	**$319**	$312	2.4%	$310	2.9%	$315	$309	2.1%
OSB	*Feb 12*	**$199**	$200	-0.5%	$203	-1.7%	$200	$206	-3.3%
Pulp & Paper Prices *(US$/tonne)*									
NBSK Pulp	*Feb 12*	**$829**	$832	-0.3%	$949	-12.7%	$830	$949	-12.5%
Newsprint (U.S. Eastcoast)	*Feb 12*	**$623**	$624	-0.2%	$627	-0.6%	$624	$626	-0.4%
$/US$ Exchange Rate	*Feb 12*	**0.9965**	1.0133	-1.7%	0.9876	0.9%	1.0049	0.9907	1.4%
Housing Starts *(000 units)*									
U.S. (Seasonally Adjusted Annual Rates)	*Feb 12*	**694**	714	-2.8%	518	34.0%	704	577	22.0%
Canada	*Feb 12*	**205**	202	1.7%	180	14.1%	204	174	17.3%
Japan (Wood-based)	*Feb 12*	**36**	35	1.3%	34	6.1%	71	69	2.0%
B.C. Timber Harvest Volume** *(000 m^3)*	*Dec 11*	**6,466**	6,932	-6.7%	6,293	2.8%	69,328	63,317	9.5%
Coast Crown land	*Dec 11*	**893**	1,161	-23.1%	852	4.8%	14,068	12,324	14.2%
Interior Crown land	*Dec 11*	**5,138**	5,288	-2.8%	5,016	2.4%	49,175	45,519	8.0%
Total private/federal land	*Dec 11*	**436**	483	-9.8%	425	2.6%	6,085	5,475	11.2%
B.C. Lumber Production *(000 m^3)*	*Jan 12*	**2,539**	2,123	19.6%	2,429	4.5%	2,539	2,429	4.5%
Coast	*Jan 12*	**263**	208	26.2%	286	-8.1%	263	286	-8.1%
Interior	*Jan 12*	**2,276**	1,915	18.9%	2,143	6.2%	2,276	2,143	6.2%
B.C. Market Pulp Shipments *(000 tonne)*	*Feb 12*	**380**	413	-8.0%	337	12.8%	793	729	8.8%
B.C. Forest Product Manufacturing Sales *(million $)*	*Jan 12*	**$845**	$801	5.4%	$916	-7.8%	$845	$916	-7.8%
Wood Products	*Jan 12*	**$455**	$404	12.7%	$480	-5.1%	$455	$480	-5.1%
Pulp & Paper Products	*Jan 12*	**$389**	$397	-2.0%	$436	-10.7%	$389	$436	-10.7%
B.C. Forest Product Export Value *(million $)*	*Feb 12*	**$780**	$730	6.9%	$745	4.7%	$1,510	$1,482	1.9%
Wood Products (*incl. log exports*)	*Feb 12*	**$454**	$391	16.3%	$422	7.8%	$845	$799	5.7%
Pulp & Paper products	*Feb 12*	**$326**	$339	-3.9%	$323	0.8%	$665	$683	-2.6%
Shares of B.C. Forest Product Export Value *(%)*									
U.S.	*Feb 12*	**41.6%**	38.9%	6.8%	38.7%	7.5%	40.3%	39.0%	3.3%
China	*Feb 12*	**31.0%**	35.4%	-12.4%	33.6%	-7.7%	33.1%	32.3%	2.4%
Japan	*Feb 12*	**11.9%**	9.3%	27.1%	11.1%	6.9%	10.6%	10.9%	-2.3%
Other	*Feb 12*	**15.5%**	16.3%	-4.8%	16.6%	-6.6%	15.9%	17.8%	-10.3%
B.C. Stumpage *(million $)*	*Dec 11*	**$21.1**	$21.2	-0.6%	$22.3	-5.5%	$234.6	$223.2	5.1%
Coast	*Dec 11*	**$4.6**	$5.8	-21.0%	$3.4	33.6%	$61.6	$56.4	9.2%
Interior	*Dec 11*	**$16.5**	$15.4	7.1%	$18.9	-12.6%	$173.1	$166.8	3.7%
B.C. Forest Sector Employment (LFS) *(000 jobs)*	*Feb 12*	**49.3**	51.2	-3.7%	52.6	-6.3%	50.3	52.3	-3.9%
Forestry & Logging	*Feb 12*	**15.0**	12.6	19.0%	11.6	29.3%	13.8	11.2	23.2%
Wood Products	*Feb 12*	**25.8**	29.1	-11.3%	31.5	-18.1%	27.5	31.2	-12.0%
Paper Products	*Feb 12*	**8.5**	9.5	-10.5%	9.5	-10.5%	9.0	9.9	-9.1%

** based on calendar year, change % from the same year-to-date period of the previous. year to the year-to-date of current year.*

*** Preliminary data and subject to change.*

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